GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1916
ANSWERED ON:03.08.2001
FINANCIAL HEALTH OF PUBLIC SECTOR FINANCIAL INSTITUTIONS
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Will the Minister of FINANCE be pleased to state:

(a): whether the public sector financial institutions are in poor financial health;

(b): if so, the details of the profit/loss of UTI, ICICI, IDBI, IFCI etc. during each of the last three years and upto June 30, 2001;

(c): the reasons for the loss, if any, for any of the above mentioned financial institutions; and

(d): the concrete steps the Government have taken or proposed to be taken to improve the over all scenario of these financial institutions?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): The details of Net profit/loss of, ICICI, IDBI and IFCI during the last three years and upto June 30, 2001 are as under:

(Rs. in crores)

Institution	March1998-99	March1999-2000	March2000-2001	June2001
ICICI	1001	1206	537	326
IDBI	1258.9	947	691	181.9
IFCI	23.5	-191.8	-261.9	-27.8

So far as UTI is concerned, it is not a regular financial institution but a mutual fund. It does not prepare/publish a common balance sheet and income and expenditure account for the corporation as a whole. It only publishes scheme-wise balance sheet and income and expenditure account and its profit and loss is reflected in Net Asset Value (NAV) of its schemes.

(c) : Some of the financial Institutions (FIs) have suffered losses due to bad investment decisions and asset liability maturity mismatch. In addition, changes in Government policies from time to time, recessionary conditions in major industrial sector resulting from excess capacity creation, increased competition from imports and slowdown in exports also affected the health of the institutions. There are also certain industry/unit specific and management related problems which has adversely effected the profitability of FI

(d) : Government is taking various steps in consultation with all concerned to help the financial institutions who are presently in financial distress to revive them so that they continue to play their significant role. FIs are also taking measures like exercising prepayment option on high cost debt, raising fresh funds through appropriate liquidity/maturity/cost mix and offering new structured products.